

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2570-01
BILL NO.: HB 1193
SUBJECT: Various Specialty License Plates
TYPE: Original
DATE: January 6, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Highway Fund	(\$53,419)	\$69,630	\$69,630
Total Estimated Net Effect on <u>All</u> State Funds	(\$53,419)*	\$69,630*	\$69,630*

* Does not include any additional unknown costs or income as a result of an anticipated increase in the number of applications for specialty license plates.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$22,814*	\$23,798*	\$23,798*

* Does not include unknown additional revenue from fees of additional specialty license plates.

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Department of Revenue (DOR)** assumes this proposal would create six new license plate types: Bronze Star/Valor Bronze Star, Combat Medic, Gulf War Veteran, Wilson Creek National Battlefield, Flying Cross, and Square & Round Dances. This proposal also allows additional sets to be issued with already existing specialty plates and creates new categories in already existing speciality plates by increasing the vehicle weight to 18,000 pounds.

The DOR Motor Vehicle Bureau (MVB) assumes they will require one (1) Clerk Typist II for 675 hours of overtime to process additional applications for the six new license plate types. Job responsibilities include, editing, correspondence, validation, key entry, telephone and customer walk-in assistance.

In addition, MVB will incur expenses in the amount of \$73,638 for policy and procedure changes, forms and postage, and \$33,332 for plates and tabs for FY01.

The DOR could not obtain meaningful statistics for the number of Combat Medics license plates that may be requested. Therefore, the increase in revenue is unknown.

Due to the projected minimal number of Wilson Creek Battlefield and Distinguished Flying Cross license plates that would be applied for, there will be no measurable revenue increase to the Highway Fund, Cities and County Aid Road Trust Fund (CART).

The DOR assumes this proposal requires a \$15 fee to be charged for the Desert Storm/Desert Shield license plate. It is assumed of the 28,800 veterans residing in the state of Missouri, 5% will apply for this specialty plate. Therefore, the annual revenue to the Highway Fund, Cities and County Aid Road Trust Fund would be \$21,600 annually (28,800 x 5% x \$15).

The DOR also assumes this proposal authorizes a specialized Bronze Star license plate. Each applicant must pay an additional \$15 fee for the plate. DOR assumes 2,000 individuals would apply for Bronze Star license plates, the same number as those who have received the Purple Heart Medal and applied for the Purple Heart License plates. The DOR assumes this would increase annual revenue to the Highway Fund, Cities and County Aid Road Trust Fund by \$30,000 annually (2,000 x \$15).

The DOR assumes the Missouri Federation of Square and Round Dance Clubs estimates their membership is approximately 12,000. It is assumed seven percent of the membership would apply for the special plate. The DOR assumes this proposal requires the payment of an ASSUMPTION (continued)

additional \$15 fee for the special license plate. The DOR estimates an annual increase in revenue of \$12,600 ($12,000 \times 7\% \times \15) to be split between the Highway Fund, Cities, and the County Aid Road Trust Fund.

The provisions of this proposal will result in a \$15 fee for 118 sets of Prisoner of War license plates, and 362 Special Military license plates per year. This proposal also allows additional categories of motor vehicles to obtain special plates. The MVB assumed there would be approximately 2,884 additional applications for special plates because of the change in weight limits. An additional \$15 fee will be required for all these types of plates per year. The increased fees for these types of plates will result in an annual increase in revenue of \$50,490 ($(118 + 362 + 2,884) \times \15) to be split between the Highway Fund, Cities, and the County Aid Road Trust Fund.

The DOR assumes this proposal also requires re-issuance of approximately 424 Combat Infantryman plates because the color red is deleted from the language and the re-issuance of 1,216 plates where "Amateur Radio" is to be shown on the plate in place of Show-Me State. The Bureau would have to reissue a total of 1,640 license plates, at a cost of \$3.30 per set, for a total cost of \$5,412 in FY01.

This proposal removes the \$15 additional fee for the "personalization" of military plates, "personalization" of fire department plates and retired military plates (stock & personalized). The MVB has issued 834 "personalized" military plates, 336 "personalized" fire department plates, 38 stock retired military, and 46 "personalized" retired military. The proposal also eliminates the additional \$15 fee for retired military speciality plates. The MVB has issued 46 retired military "speciality" plates. Eliminating the additional \$15 "personalization" fee and the fee on the retired military speciality plates will result in a loss of \$19,500 per year to be split between the Highway Fund, Cities and the County Aid Road Trust Fund.

The option for biennial motor vehicle registration begins July 1, 2000. Therefore, the projections offered by DOR are based on the estimated number of individuals that will choose biennial per year. The DOR anticipates that approximately 25% of the individuals offered biennial registration will choose it. (Even numbered vehicles will be offered in even numbered years and odd numbered vehicles in odd numbered years.)

The DOR assumes this proposal no longer requires legislative approval for specialized plates. Therefore, the DOR assumes there will be an increase in the specialized plate applications. The DOR also assumes the provisions of this proposal require the advisory committee to hold at least three public meetings in different areas of the state to invite public input. The members of this ASSUMPTION (continued)

committee are to be reimbursed for their expenses. Therefore, the DOR will incur travel, lodging, and meal expenses. The DOR is unable to predict the extent or amount of applications for new specialized license plate types that will be received. Additionally, they are unable to estimate the number of FTE or associated equipment and expenses that would be required.

Oversight assumes there would be unknown costs as a result of the increase in specialty license plates. Oversight also assumes there would likely be an increase in revenue since most specialty license plates usually require an additional fee. Oversight assumes the costs would be offset by the additional revenue. **Oversight** also assumes there would be increased income to the cities and counties as a result of the anticipated increase in the number of specialty license plates.

To this proposal, the **Missouri House of Representatives and the Department of Public Safety - Missouri Highway Patrol**, responded they assumed there would be no direct fiscal impact to their agency as a result of this proposal.

The **Department of Transportation (DOT)** concurs with the Department of Revenue's response to this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
HIGHWAY FUND			
<u>Income - DOR</u>			
Specialty License Plate fee	\$80,635	\$86,018	\$86,018
Additional Specialty license plate fees	Unknown	Unknown	Unknown
<u>Cost - DOR</u>			
Overtime - Clerk Typist II	(9,477)		
Forms and policies - printing and postage	(73,638)	(1,763)	(1,763)
Plates and tabs	(33,332)	\$0	\$0
Re-issuance of Combat Infantryman plates	(1,399)	\$0	\$0
Replace Amateur Radio license plates	(4,013)	\$0	\$0
	(\$121,859)	(\$1,763)	(\$1,763)
<u>Loss - DOR</u>			
Elimination of "personalization" fee for military plates, fire department plates, etc.	(\$12,195)	(\$14,625)	(\$14,625)
<u>FISCAL IMPACT - State Government</u> (continued)	FY 2001 (10 Mo.)	FY 2002	FY 2003

**Estimated Net Effect on
 HIGHWAY FUND***

(\$53,419) \$69,630 \$69,630

* Does not include any additional unknown costs or income as a result of an anticipated increase in the number of applications for specialty license plates.

FISCAL IMPACT - Local Government

FY 2001 FY 2002 FY 2003
 (10 Mo.)

CITIES and COUNTIES

Income - Additional Fees

Cities	\$16,127	\$17,204	\$17,204
County Aid Road Trust Fund	<u>10,752</u>	<u>11,469</u>	<u>11,469</u>
	\$26,879	\$28,673	\$28,673

Loss - Reduction in Fees

Cities	(\$2,439)	(\$2,925)	(\$2,925)
County Aid Road Trust Fund	<u>(1,626)</u>	<u>(1,950)</u>	<u>(1,950)</u>
	(\$4,065)	(\$4,875)	(\$4,875)

**Estimated Net Effect on
 CITIES and COUNTIES***

\$22,814 \$23,798 \$23,798

* Does not include additional revenue to the Cities and the County Air Road Trust Fund due to any fees from additional specialty license plates.

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal allows all military and certain specialty plates to be obtained for commercial motor vehicles other than apportioned commercial motor vehicles licensed for a gross weight not in excess of 18,000 pounds (certain pickup trucks) as well as noncommercial vehicles. Military

DESCRIPTION (continued)

plates will not be subject to the fee charged for personalized plates. All military plates, except the Congressional Medal of Honor, Retired Military, and the Prisoner of War plates, will cost \$15 in addition to the regular registration fee. There will no longer be a limit on the number of military plates a person may obtain as long as each set is issued for vehicles owned solely or jointly by the person.

Individuals may get a special license plate to help the Wilson's Creek National Battlefield Foundation. A \$25 emblem use contribution will be made annually to the foundation by any individual wanting the special plates. All other normal fees will apply, including the fee for personalized plates.

The following new plates are made available: "Bronze Star," "Combat Medic," "Gulf War Veteran," "Distinguished Flying Cross," and "Square and Round Dance Clubs."

An advisory committee for the Department of Revenue is established for the purpose of developing guidelines for the issuance of motor vehicle specialized license plates. This committee must direct the Director of Revenue to implement its guidelines for all specialized license plates not later than July 1, 2001.

The Department of Revenue is allowed to issue 30-day temporary permits to applicants for personalized plates. Currently, regular plates are issued until the stamped personalized plate is available.

Penalties are provided for any person who makes a false statement or declaration to the Director of Revenue.

The bill also contains language that will simplify Department of Revenue procedures, including allowing statements where affidavits are now required and clarifying the procedure for use of license plate issued in the year the vehicle was manufactured.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue
Department of Transportation
Department of Public Safety
Missouri Highway Patrol
Missouri House of Representatives

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
January 6, 2000